

16 November 1959

MEMORANDUM FOR THE DIRECTOR

SUBJECT: NIE 43-59: Prospects for the Government of
the Republic of China

1. This estimate was initiated by the Department of State and approved by the OSIB on 7 July 1959. The Far Eastern desk in the Department of State has shown particular interest in this paper and specifically requested it be completed by mid-November.

2. There are no reservations to the text and we encountered no major difficulties during coordination of the estimate. There were two areas in which important differences of judgment appeared. State was more sanguine about the ability of the GRC to hold its position in the UN and would have preferred to have the text read "We believe that with strong US support the GRC will be able to hold its present position for at least the next few years." (cf. conclusion F or text paragraph 20). On the question of the

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long-term viability of the Taiwanese economy, State was more optimistic than we and considerably more optimistic than the last previous estimate, NIE 43-2-57. The present language in the economic section reflects the State Department position.

3. We anticipate no major difficulties at the USIB meeting.

FOR THE BOARD OF NATIONAL ESTIMATES:

ABBOT SMITH
Acting Chairman